

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: William L. Massey, Linda Breathitt,
Pat Wood, III and Nora Mead Brownell.

California Independent System Operator
Corporation

Docket No. ER01-2457-000

ORDER ACCEPTING INFORMATIONAL FILING
SUBJECT TO THE OUTCOME OF AN ONGOING PROCEEDING

(Issued August 28, 2001)

This order accepts for filing an informational filing by the California Independent System Operator Corporation (ISO) that computes updated transmission rates in accordance with the provisions of the ISO tariff, subject to the outcome of Docket No. ER00-2019-000, et al.

I. Background

Under the ISO tariff, the High Voltage Access Charge (HVAC) is determined through a formula, and the ISO is required to make semi-annual adjustments to reflect the addition of any new Participating Transmission Owner, or changes to the High Voltage Transmission Revenue Requirements (TRR) of any of the Participating Transmission Owners. These semi-annual adjustments not only establish new rates on a forward-going basis, but also compensate for past periods during which a change occurred without being reflected in the HVAC. The semi-annual adjustments to the HVAC are self-implementing. Nonetheless, the ISO tariff provides for informational filings to provide notice of the current charges in effect under the rate formula.

In Docket No. ER01-66-000 in an order dated November 22, 2000 (November 22 Order), the Commission accepted for filing modifications to the TRR of Pacific Gas & Electric Company (PG&E), effective May 6, 2001, and set the matter for hearing.¹

¹Pacific Gas and Electric Company, 93 FERC ¶ 61,207 (2000).

II. Informational Filing

On June 29, 2001, the ISO made an informational filing identifying the updated HVAC, effective July 1, 2001. The ISO states that it has adjusted the HVAC to reflect the PG&E TRR accepted for filing in the November 22 Order.²

III. Notice and Interventions

Notice of the filing was published in the Federal Register,³ with comments, protests, or motions to intervene due on or before July 20, 2001.

A notice of intervention was filed by the Public Utilities Commission of the State of California (California Commission).

Motions to intervene were filed by the California Electricity Oversight Board; the Transmission Agency of Northern California; the California Department of Water Resources; the Cogeneration Association of California and the Energy Producers and Users Coalition, jointly; Turlock Irrigation District; the Cities of Redding, Santa Clara and Palo Alto, California and the M-S-R Public Power Agency, jointly; Modesto Irrigation District; and the Metropolitan Water District of Southern California.

Motions to intervene with comments were filed by Southern California Edison Company (SoCal Edison), Pacific Gas and Electric Company (PG&E), and Sacramento Municipal Utility District (SMUD).

On August 6, 2001, the ISO filed an answer.

²The ISO notes that PG&E filed an offer of settlement in Docket No. ER01-66-000, and the ISO represents that its future adjustments to the HVAC will reflect any change to PG&E's TRR that the Commission ultimately accepts. The Commission approved PG&E's settlement offer on July 25, 2001. Letter Order to Attorney for Pacific Gas and Electric Company, 96 FERC ¶ 61,122 (2001). We also note that hearing is pending in Docket No. ER00-2019-000, et al., on ISO tariff Amendment No. 27 (revising the transmission access charge rate design), see California Independent System Operator Corp., et al., 91 FERC ¶ 61,205 (2000), reh'g pending, as well as on ISO tariff Amendment No. 34 (reflecting the addition of the City of Vernon, California, as a Participating Transmission Owner) and revisions to the Transmission Owner Tariffs, see California Independent System Operator Corp., et al., 94 FERC ¶ 61,147 (2001).

³66 Fed. Reg. 36,569 (2001).

IV. Discussion

A. Procedural Matters

Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁴ the California Commission's notice of intervention and the timely, unopposed motions to intervene serve to make the persons that filed them parties to this proceeding.

We find good cause to accept the ISO's answer to the extent it responds to SoCal Edison's and PG&E's comments, notwithstanding the general prohibition on the filing of answers to a protest,⁵ as the answer assists us in our understanding and resolution of issues raised.

B. Proposed Informational Filing

In its answer, the ISO provides two clarifications sought by SoCal Edison and PG&E. First, the ISO clarifies that the billing adjustment to compensate PG&E for its past undercollections from May 6, 2001 (the effective date of PG&E's new TRR under the November 22 Order) to July 1, 2001, will be in place for only one year. Second, the ISO clarifies that in its next semi-annual adjustment, it will substitute actual sales data for estimated sales data for the January 1 through June 30, 2001 period, for the purpose of determining the actual amount of PG&E's undercollections. We conclude that these clarifications resolve all of SoCal Edison's concerns and one of PG&E's.

PG&E's other concern relates to the calculation of interest. The ISO filing proposes that interest be paid to PG&E for the period between May 6, 2001 and July 1, 2001. PG&E argues that this proposal understates the amount of interest it is owed, because it will not be fully repaid for its past undercollections until July 1, 2002. The ISO in its answer acknowledges the importance of ensuring the correct calculation of interest. However, the ISO states that the issue is complicated by the fact that since the November 22 Order, the Commission has accepted a settlement offer by PG&E for a lower TRR than that upon which the HVAC in this informational filing was based. The ISO proposes to work with PG&E and the other Participating Transmission Owners to clarify the procedures for calculating interest for inclusion in its next semi-annual informational filing. The ISO's adjustment to PG&E's TRR is subject to ongoing hearing

⁴18 C.F.R. § 385.214 (2001).

⁵See 18 C.F.R. § 385.213(a)(2) (2001).

proceedings in Docket No. ER00-2019-000, et al., and, therefore, details regarding proper implementation of this adjustment should be addressed in that proceeding.

SMUD, noting the pending hearing in Docket No. ER00-2019-000, et al., expresses concern that the ISO has not developed an appropriate mechanism to track refunds. We conclude that to the extent that refunds are required as a result of the ongoing hearing, SMUD will have the opportunity to comment on or protest the requisite refund reports.

Therefore, we accept the ISO's informational filing, effective July 1, 2001, subject to the outcome of the hearing in Docket No. ER00-2019-000, et al.

The Commission orders:

The ISO's informational filing is hereby accepted for filing, effective July 1, 2001, subject to the outcome of Docket No. ER00-2019-000, et al., consistent with the discussion in the body of this order.

By the Commission.

(S E A L)

David P. Boergers,
Secretary.